

get to in just a moment—the Actuary notes the bill's Medicare provisions “cannot be simultaneously used to finance other federal outlays—such as the coverage expansions—and to extend the [life of the Medicare] trust fund, despite the appearance of this result from the respective accounting conventions.”

Essentially what they have said is what they said in a letter in response to questions we posed about how this would impact the Medicare trust fund. Basically, the Actuary is saying what the CBO said; that is, you are double counting revenue, you are basically spending the same money twice. In other words, all the additional revenues that are supposed to become available because of reductions in Medicare benefits or reductions in Medicare payroll taxes that were going to extend the life of Medicare and also going to be used to finance the new health care entitlement program—that is what we said all along, and that is double counting. You can't spend the same money twice, and as a consequence of that you are going to see what they promised in terms of deficit reduction can be very different from what actually happens.

They went on to say that the CLASS Act, which is a long-term care entitlement program—described, believe it or not, by one of my Democratic colleagues as a Ponzi scheme of the highest order, the kind of thing Bernie Madoff would be proud of,—will result in net Federal cost in the longer term. The program is designed to someday down the road to pay long-term care benefits for people who pay premiums into that plan and will face significant risk of failure because of the way they are counting the revenue.

It says it is going to be “a net Federal cost in the longer term” because, obviously, when you take premiums today to pay for the unrelated provisions in the health care reform law, and then there is a demand for the CLASS Act benefits at some point in the future by the people who paid those premiums, you cannot use those revenues to pay for the benefits because they have already been spent. To assume otherwise is double counting that revenue.

So you have all this double counting that went on in the course of this bill which, again, as I said, understated the overall cost of the bill and also the deficit numbers I think were attached to it.

To me, this study, this analysis was absolutely a bombshell in terms of the impacts of the actual implementation of the health care bill. As I said, it completely refutes all the arguments that were made that it would lower costs, reduce deficits, and it would improve access. All three of those points are refuted by the analysis that was done by the Actuary at the Health and Human Services Department.

More recently, last week about this time, the Congressional Budget Office

came out with a new report. They predicted that the health care overhaul will likely cost about \$115 billion more in discretionary spending over 10 years than the original cost projections. So the promises that were made about deficit reduction as a result of this—it was going to somehow save \$143 billion over a 10-year period—now are reduced by \$115 billion because, as we said throughout the course of the debate, it is going to cost a lot to implement this bill both in the form of cost to HHS, as well as cost of the Internal Revenue Service, which is going to be required to now impose the individual mandate that will fall on a lot of people across this country and the penalties associated with that.

So we have all these implementation costs that are going to add an additional \$115 billion in spending over the next 10 years which reduce dramatically any promises about deficit reduction, not to mention what I just stated in terms of the double counting that goes on.

My view on this is, not only is it not going to reduce the deficit, it is going to explode the deficit, particularly in the outyears when the demand for Medicare benefits comes and the demands of the trust fund for those people who paid into the fund and reached the retirement age—a lot of the baby boomers are going to require health care, the Medicare fund is going to be tapped for that, and there will not be any money there to pay for this program.

So you have the Actuary at HHS, you have the CBO coming out with new information which completely validates the argument we made during the course of this debate; that is, it is not only going to increase costs for most people across this country and increase taxes, but it is also going to have a detrimental impact on the budget and the deficit over the long term.

One of the promises that was made, the so-called good points in the health care bill, was that small businesses would benefit from a small business tax credit. That is something administration has been trying to sell to small businesses, putting out notices from the IRS that there are 4 million small businesses that could qualify for the small business tax credit. That kicks in in 2010. But, even there, as is now coming out, there is a lot of fine print I don't think people read very well.

The Chamber of Commerce said of all the small businesses in this country, about 78 percent of those small businesses are self-employed people. Self-employed people are not covered. Families are not covered under this. More important, there is a disincentive to hire people. We have an economy where we are trying to get jobs growing and come out of the recession and get people back to work.

This small business tax credit caps it. In other words, if you get up to 25 employees you are no longer eligible for it. If your average wage is \$50,000

you are no longer eligible for it. So there is a real disincentive to pay people higher wages or hire more people because if you do, you are not going to be eligible anymore for the small business tax credit. A lot of those small businesses are saying: What benefit is there to me if I want to grow my business? Yes, I can take advantage of it for a short period of time—a very short period of time—but I am not going to be able, if I am at that threshold where I start hitting—first, it says it is available for businesses with fewer than 10 employees, then it phases out at 25.

But if you get to 24 employees and you are thinking: My gosh, I would like to hire another person; I no longer will be eligible for the small business tax credit, or I want to pay my employees higher wages but then I hit the \$50,000 threshold—it is a real disincentive to create jobs.

One of the things that is being touted as a positive about this legislation is it is, in fact, a disincentive for us to get people back to work and to create jobs.

The overall impacts of this, I think, that are still out there I don't think we are going to know for some time. In fact, I don't think CBO has any idea about what this is going to cost in the second decade. They have estimates of the cost in the second decade. They can make some predictions, but they will admit there is tremendous volatility about that, and unpredictability, when we get into the second decade.

But one thing we know in the first decade, one thing we are finding out now as we get more analysis being completed, is in the first decade, according to the HHS Actuary, this is going to increase the cost of health care more than if we did nothing.

In other words, if we had done nothing and we still had health insurance costs going up as they were about double the rate of inflation, if we had done nothing we would have locked that in. But now we are going to continue to have health insurance costs going up, not only at that rate but a significantly higher rate to the tune of \$310 billion in more, higher health care costs over the course of the decade.

If we look at how that impacts individual people across the country, most Americans are going to see their health insurance premiums go up. In fact, some of the provisions of the bill also, as part of the—it was just reported last week that this provision that would allow people to keep their kids on their health insurance plans until they are 26 years old will, in fact, increase health insurance premiums by about 1 percent. That is something that was hailed as one of the benefits or virtues of this legislation.

My point is, contrary to the assertions that were made during the course of the debate with respect to lower costs, deficit reduction, greater access—none of that, according to these studies and analyses, is going to be the case. In fact, it will be the opposite. We will see higher health care costs for